

# ***An overview of The Defense Logistics***

## **Agency**



**DoD's ONLY Logistics  
Combat Support  
Agency . . . Supporting  
the Military Services &  
Combatant  
Commanders for Over  
40 Years**



# The DLA Enterprise

**FY01 Sales/Services:**

**\$17B**

**FY02 Sales/Services:**

**\$21.5B**

**FY03 Sales/Services:**

**\$25B**

**FY04 Sales/Services:**

**\$28B**

**FY05 Projection:**

**\$31.3B**

**\$12.9B**

- **Energy:**

**\$7.6B**

- **Distribution:**

**\$2.8B**

- **Foreign Military Sales**

**\$1.2B**

- **Sales: \$813.8M**
- **~95% of Services, repair**

- **Shipments: 501K**
- **parts**

- **Supporting 124 Nations**
- **100% of Services**

## Scope of Business

- **54,000 Requisitions/Day**
- **8,200 Contracts/Day**
- **#54 Fortune 500 - Above Walt Disney**
- **#2 in Top 50 Distribution Warehouse**
- **26 Distribution Depots**
- **5.2 Million Items**
- **24.7M Annual Receipts and Issues**
- **1411 Weapon Systems Supported**
- **144.0M Barrels Fuel Sold (FY 04)**
- **\$14.6B Annual Reutilizations/Dispos**

## People

- **21,429 Civilians**
- **528 Active Duty Military**
- **668 Reserve Military**
- **Located in 48 States/28 Countries**



# Top Five Priorities

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- **Mission -**

- *Support to the Warfighter*
- *Distribution Process Owner*

- **Transformation -**

- *Enhanced Capabilities for the Future Warfighter*

- **People -**

- *Transforming Our Human Capital and the Workplace*

- **Alignment -**

- *To Warfighters...To Supply Chains*

- **One Enterprise -**

- *Seamless Partnering for Warfighter Logistics Support*



# Defense Logistics Agency

## CORPORATE STAFF

**DIRECTOR** ★ ★ ★

**VICE DIRECTOR** ★ ★



**DLA Director**  
**Vice Admiral**  
**Keith W. Lipper**  
Supply Corps,  
United States Navy



**Vice Director**  
**Major General**  
**Mary Saunders**  
United States  
Air Force

**DT**  
**TRANSFORMATION**

**CSM**

**DES**  
**ENTERPRISE**  
**SUPPORT**

**J-1**  
**HUMAN**  
**RESOURCES**

**J-3**  
**LOGISTICS**  
**OPS**

**J-4**  
**CUSTOMER**  
**OPS**

**J-6**  
**INFORMATIO**  
**N OPS**

**J-8**  
**FINANCIAL**  
**OPS**

**J-9**  
**RESERVE**  
**FORCES**

**SPECIAL**  
**STAFF**

## BUSINESS

**DEFENSE**  
**SUPPLY**  
**CENTER**  
**COLUMBUS**

**DEFENSE**  
**SUPPLY**  
**CENTER**  
**RICHMOND**

**DEFENSE**  
**SUPPLY**  
**CENTER**  
**PHILADELPHIA**

**DEFENSE**  
**ENERGY**  
**SUPPLY**  
**CENTER**

**DEFENSE**  
**DISTRIBUTIO**  
**N CENTER**

**DEFENSE**  
**RE-UTILIZATION**  
**& MARKETING**

## SERVICE ACTI V

**DEFENSE**  
**NATIONAL**  
**STOCKPIL**  
**E**

**DLA**  
**PACIFIC**

**DLA**  
**EUROP**  
**E**

**DLA**  
**CENTRAL**

**DEF LOG INFO**  
**SERVICES**

**DOCUMENT**  
**AUTOMATIONS**  
**PRODUCTION**  
**SERVICE**



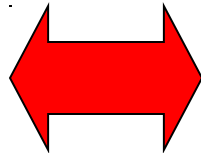
# Business Units

# Defense Supply Center

# Columbus

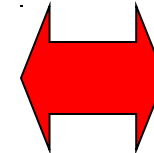
## Land/Maritime Supply Chains

**Custome  
rs**  
**Major  
Commands**  
**Maintenan  
ce  
Activities**  
**Internation  
al  
Customers**



**LAND**  
- Wheeled  
Vehicles  
- Tracked  
Vehicles  
- Diesel Engines  
- Transmissions  
- Vehicle  
Chassis  
- Batteries  
- Nuts and Bolts

**MARITIME**  
- Turbines  
- Brackets  
- Valves & Pumps  
- Engine Fuel  
Systems  
- Compressors  
- Fiber Optics  
- Gyro  
Components  
- Bearings  
- Gaskets, O-rings,  
Seals



**Supplier  
s**  
**OEM**  
**Competiti  
ve  
Sources**

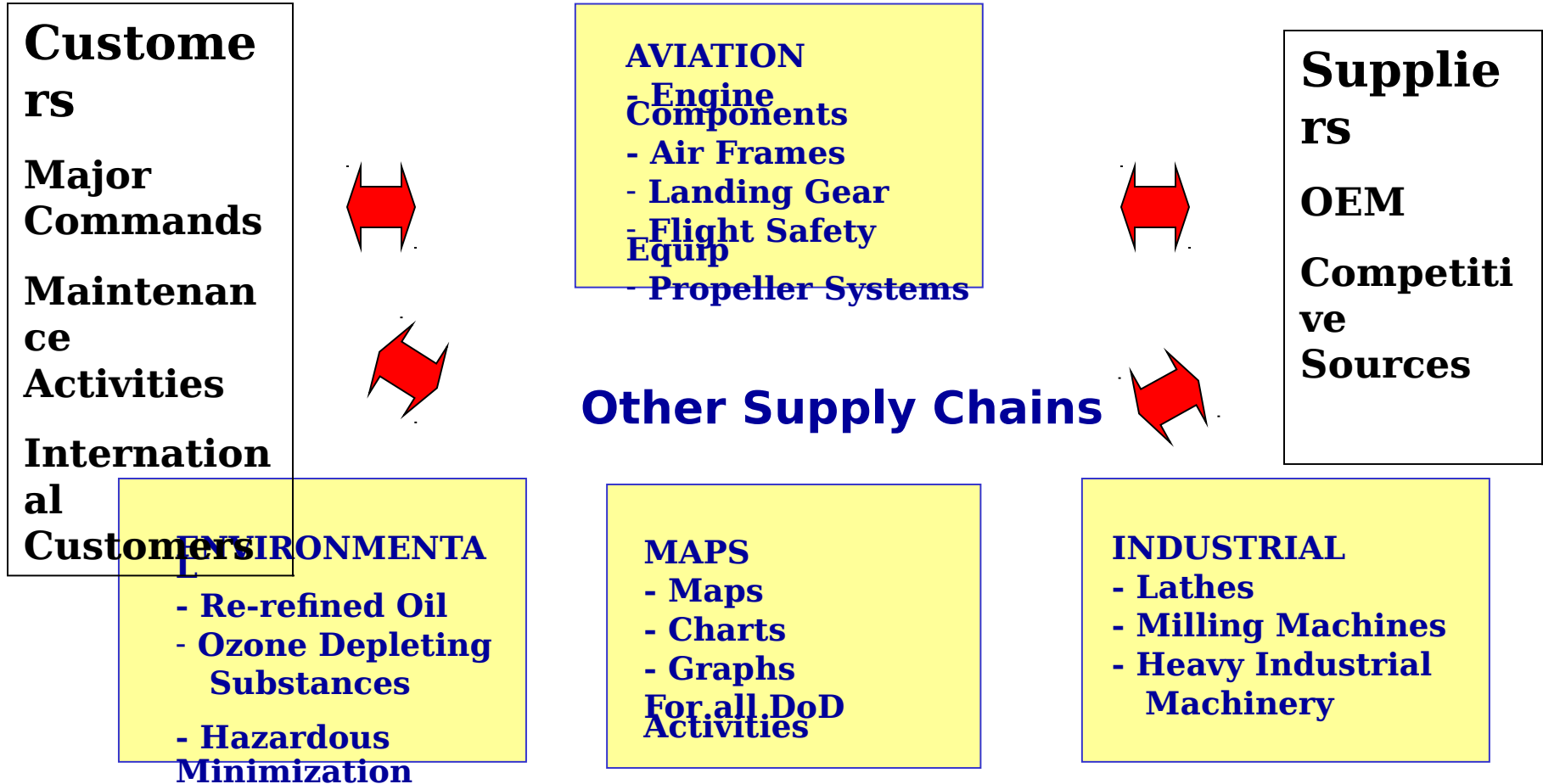


# Business Units

# Defense Supply Center

# Richmond

## Aviation Supply Chain





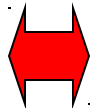
# Business Units

# Defense Supply Center

# Philadelphia

## Troop Support Lead Center

**Customers**  
Major Commands  
Maintenance Activities  
International Customers



### CLOTHING & TEXTILES

- Outerwear
- Hats, Accessories
- Individual Equipment
- Sleeping Bags to Body Armor

### MEDICAL

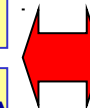
- X-Ray Machines
- MRI Equipment
- Surgical Supplies
- Dental Supplies
- Optical Products

### SUBSISTENCE

- Meals Ready to Eat
- Field Mess Equipment
- Dining Hall Items
- Fruits & Vegetables

### GENERAL/INDUSTRIAL

- Wood
- Heavy Equipment
- Photo Supplies
- Fire Fighting
- Diving Equipment



**Suppliers**  
OEM  
Competitive Sources



# Business Units

# Defense Energy Support Center

## Energy Lead Center

**Customers**

**Major Commands**

**Base, Camps, Stations**



### **BULK FUELS**

- Jet Fuel
- Ship Propulsion
- Diesel
- Gasoline
- Additives

### **INSTALLATIONS**

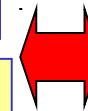
- Utility Privatization
- Natural Gas
- Coal
- Electricity

### **FACILITIES**

- Bulk Fuel Storage
- Environmental
- Fuel Quality
- Maintenance, Repair

### **DIRECT DELIVERY**

- Vehicle Fuel
- Heating Oil
- Commercial Airport Fuel



**Suppliers**

**Major Oil Companies**

**Sub-Contracts**





# Business Units

# Defense Distribution Center

## Distribution Lead Center

**Customers**  
**Military Services**  
**Inventory Control Points**



**Service Providers**  
SDDC  
AMC  
MSC  
A-76  
Commercial Providers  
Commercial Transportation Providers



# Business Units

## Defense Reutilization and Marketing Service

### Reuse, Recycling and Disposal Lead Center

**Customers**

Military Services

DLA Inventory Control Points

Federal / Public Agencies

**Organizational Structure**

92 Offices Worldwide (14 Countries/39 States)

1281 Personnel

12 Military

207 Local Nationals

160 Reserve DRT

**Members**

7111 Positions

**Services**

Qualified Reutilization Transfer

\$316.8M Operating Costs

Donation

Demilitarization

Environmental Disposal/Reuse

Ammunition/Explosives and other

Dangerous Articles (AEDA)

Humanitarian Assistance

Foreign Military Sales/Grant-in-Aid

**At-A-Glance (FY04)**

42,000 Turn-In Customers Served

\$13.0B Usable Turned-In (Acq Val)

\$ 1.2B R/T/D (Acq Val)

\$345.6M Scrap/Usable Sales Revenue

**Contingency Operations**

**Operation Joint Guardian/Forge**

Mar 96 - Present

92 Mil/Civ Deployed

**Operation Enduring Freedom**

Dec 01 - Present

15 Mil/Civ Deployed

**Operation Iraqi Freedom**

**Service Providers**

A-76

Commercial Providers

Government Liquidity



# Service Activities

## Defense National Stockpile Center

20 Sites  
144 Personnel  
\$4.7 B Sales Since FY 93  
\$1.5 B Inventory

Manages 42 Internationally Traded Commodities

## Defense Logistics Information Service

One Site  
1,022 Personnel  
\$135 M Budget

### Services:

U.S. & NATO Cataloging; J6B Enterprise IT Support; Projects & System Development: FLIS, MEDALS, FEDLOG, DOD EMALL, DLA Map Catalog, ITAV/AV, CCR/BPNse, HMIRS,

ERLS, ERP Spt, Web, Contact Ctr, Data Quality, UID Registry...

## Document Automation & Production Service

181 Locations in 15 Countries  
1100 Gov't & Contract Personnel  
\$410M Annual Sales (FY05 Plan)

### Services:

Document Production  
Electronic Document Conversion and

### Management

Equipment Management Solutions



# Service Activities

## Defense Logistics Agency - Europe

12 Offices

45 Personnel

- Liaison/planner at EUCOM
- Planners at USAFE, USAREUR and NAVEUR
- Customer reps at 10 sites - Germany, UK, Italy
- Area reps in Bosnia and Kosovo
- On-site, deployable logistics experts assist

## Defense Logistics Agency and Central

service locations (CONUS, Kuwait, Bahrain, Qatar, Offsets at PACOM, USFK and

- Provide EUCOM components and
- 3 Contingency support teams (Afghanistan, Iraq, Kuwait) staffed by 60-90

personnel (mission dependent)

- single POC for DLA support

units/contractors in Southwest Asia (e.g., Kuwait distribution depot, Kuwait DRMO yard, Bahrain fuels office, Subsistence Prime Vendors, MRO Prime Vendors)

- Liaison/planner at CENTCOM
- Customer Support Representatives with ARCENT-K/Q, CENTAF (FWD) and NAVCENT-B

## Defense Logistics Agency - Pacific

9 Sites located in two states and 2 countries

- Hawaii, Alaska, Japan, Okinawa, Korea

26 Personnel

AOR Covers 52% of Earth's Surface

- contains the World's 6<sup>th</sup> Largest Armed Forces

Provide Contingency & Deliberate

Planning and on-site Customer Support



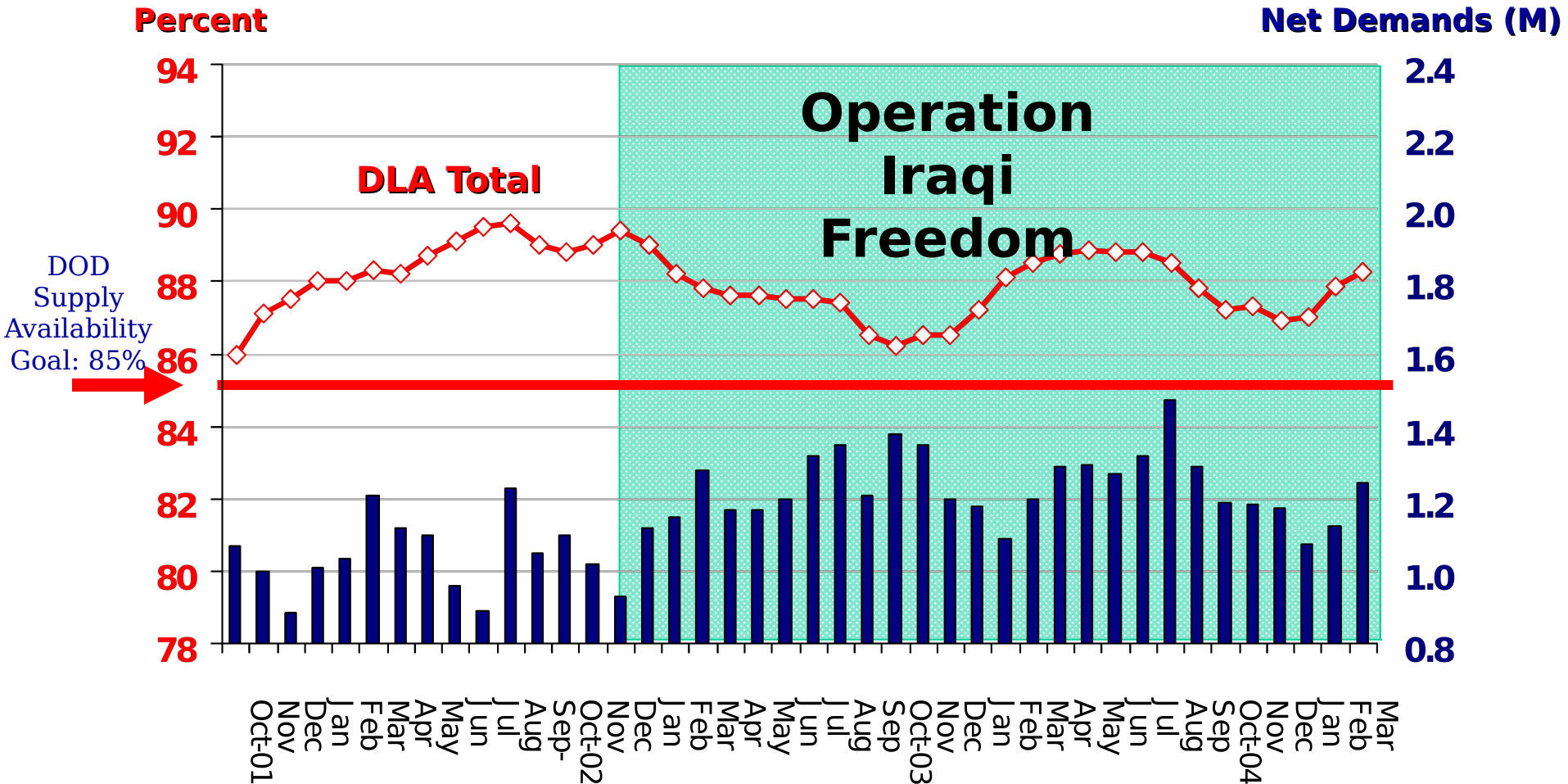
# Warfighter Engagement

*102 DLA personnel assigned to 71 Major Military Service Locations Globally*

- DLA In-theater Commands provide Logistics Support to Combatant Commanders...
  - DLA-Central; DLA-Pacific; DLA-Europe
- DLA Liaison Officers and Customer Support Representatives embedded in Service and Combatant Commands Worldwide
- DLA Contingency Support Teams
  - Deploy as Requested by Combatant Commanders
  - Bosnia, Kosovo, Croatia, Kuwait, Iraq, and Afghanistan, over 90 personnel deployed to OIF/OEF
  - Provides On Site DLA Logistics, Asset Visibility Support, Fuels Management, and Disposal Services.
  - Support the Combatant Commands' In-theater Distribution Centers



# Supply Availability Hardware Total

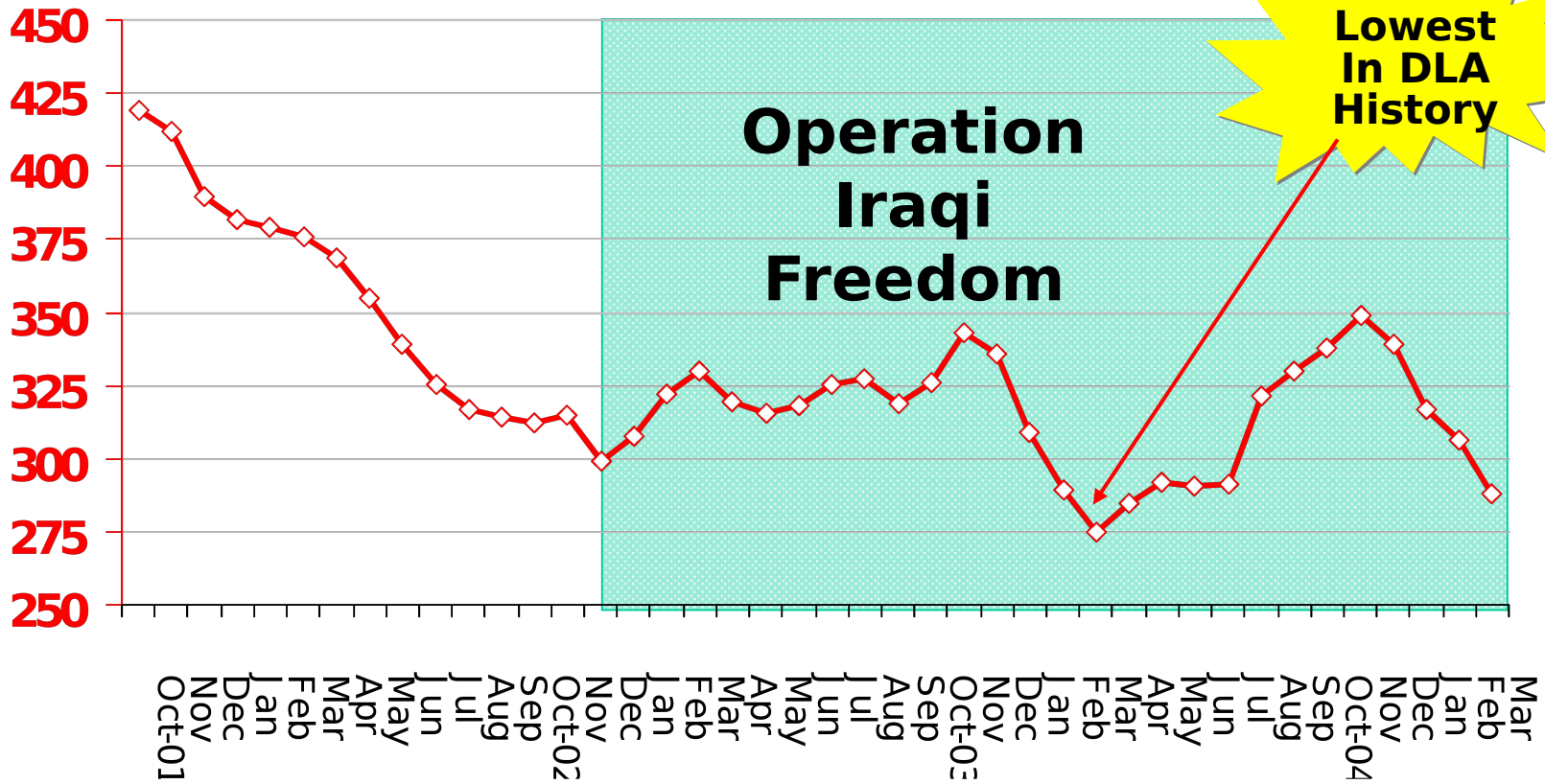


Data Sources:  
 Marine Corps SA - WSSP Database for weapons systems coded items maintained by DLA J-4  
 DLA Total SA - F067 for Hardware Items



# Backorders - Hardware Total

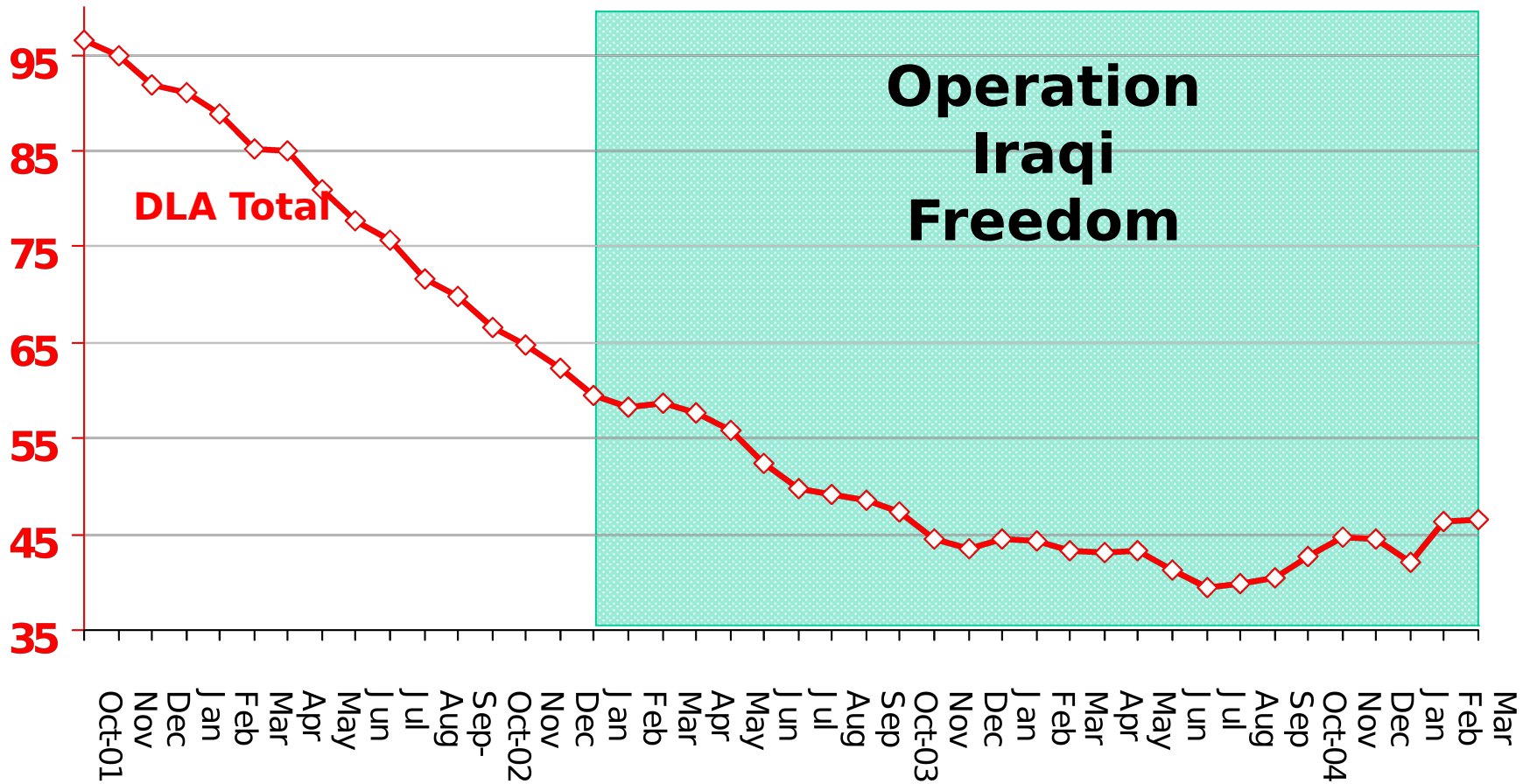
Thousands





# Backorders > 180 Days Hardware

Thousands



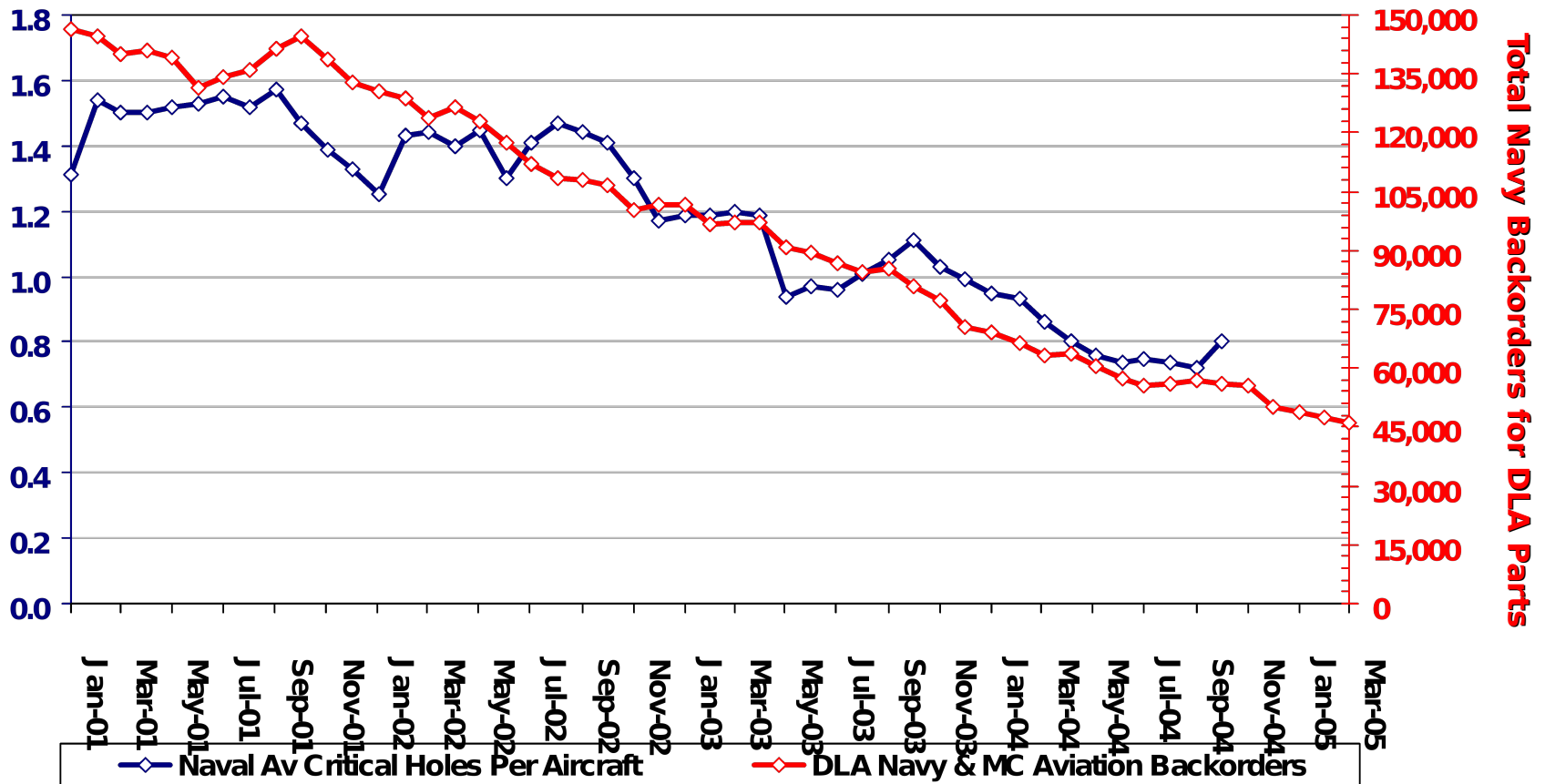




# Link to Navy Readiness

Mission Critical Parts Missing per Naval Aircraft

**Total DLA Navy Backorders Relationship to Critical Parts Missing in Naval Aircraft**



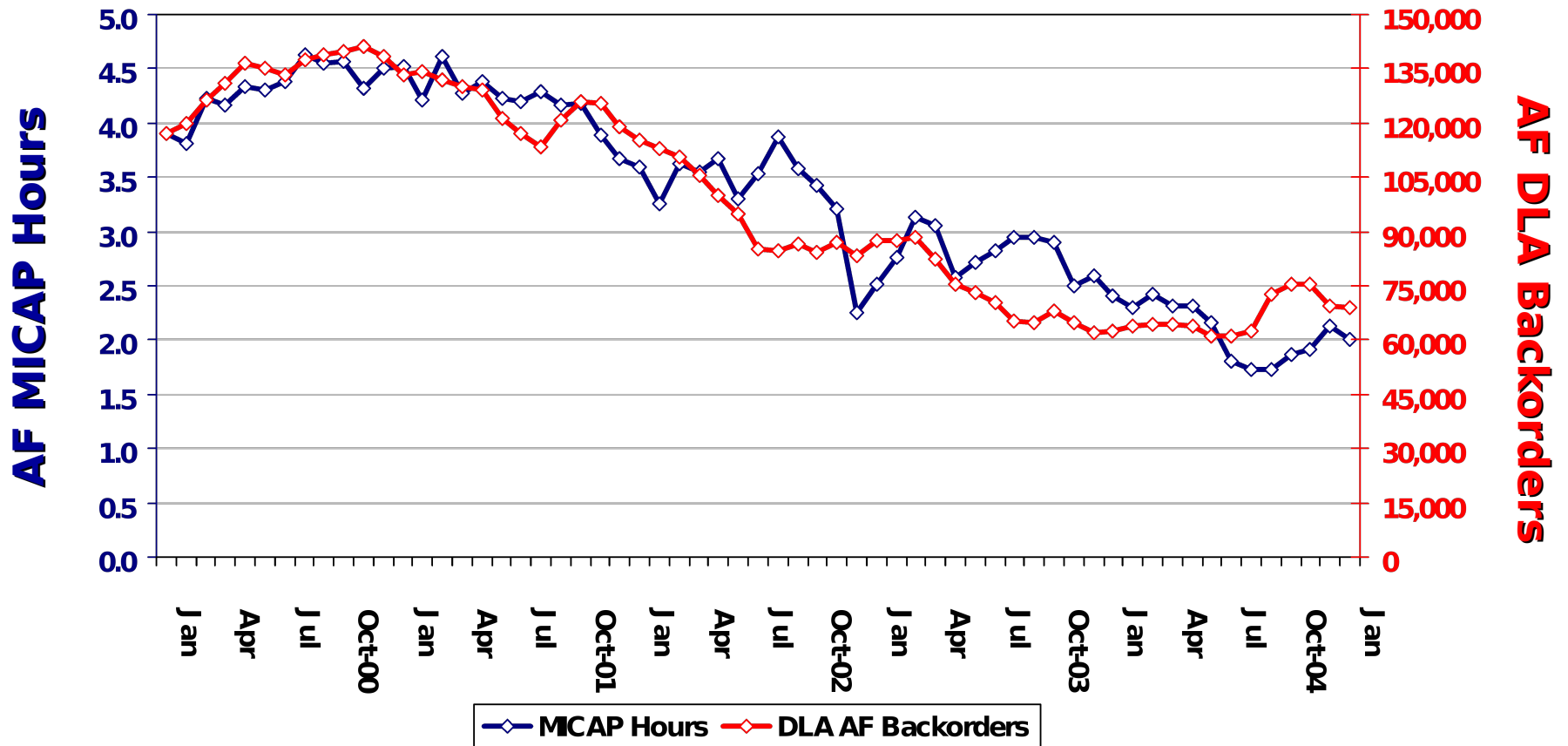
Data Source for Holes in Aircraft: Center for Naval Analysis (CNA) - POC Mr. Craig Goodwyn \* A critical part is defined as a part causing a NMC or PMC aircraft

Data Source for Navy Backorders is DORRA - Ms. Celia Pinkston



# Link to Air Force Readiness

*DLA Air Force Weapons System Backorders Relationship to Air Force MICAP*



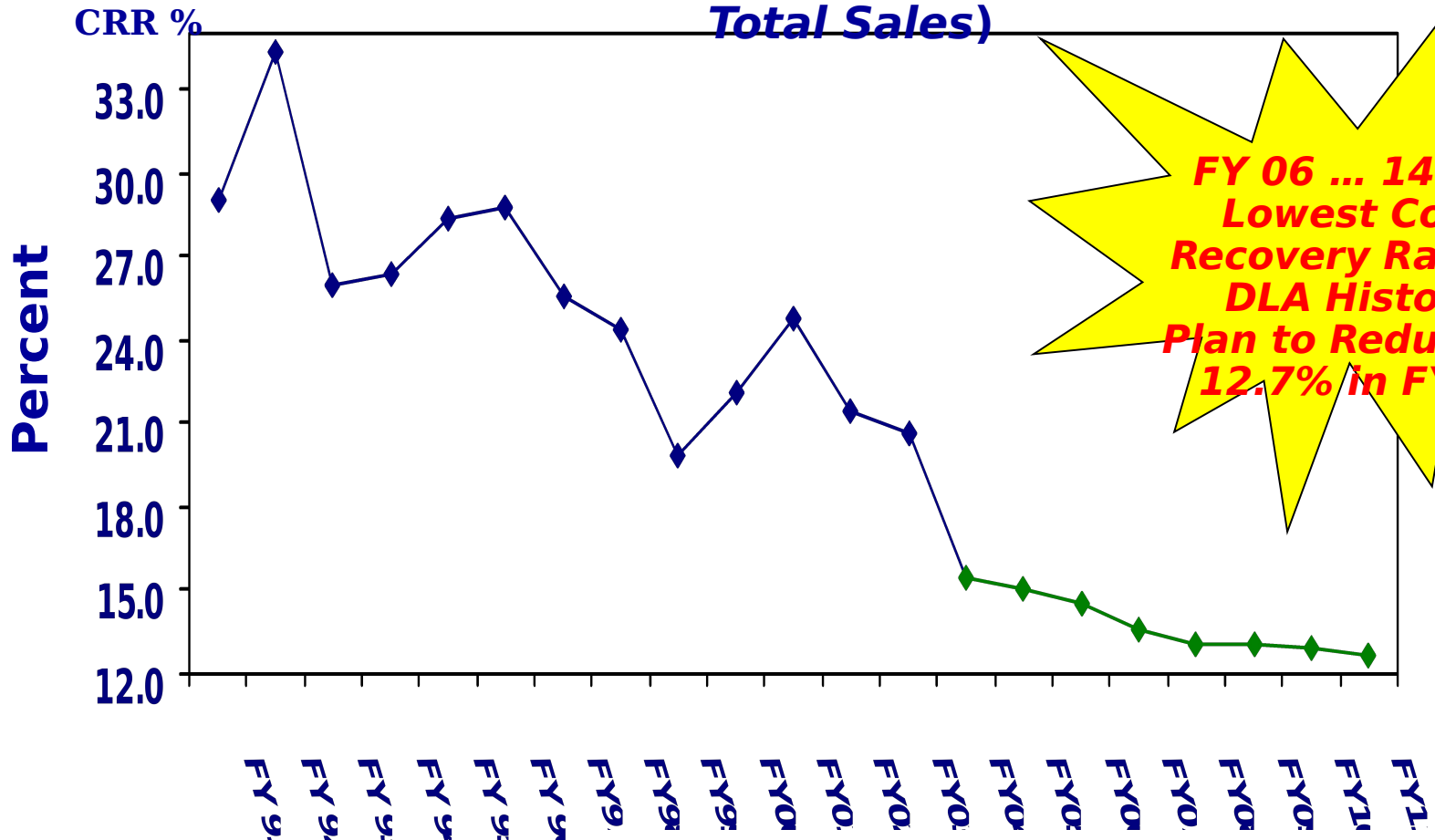
Data Source for AF MICAP Hours - DLA J-4, MSgt Nugent

Data Source for AF Weapons Systems Backorders - DLA J-4, Ms. Margaret Gandy



# Cost Recovery Rates Over Time

(Operating Costs as a Percentage of Total Sales)



**Savings For The Warfighter**



# Moving Towards Transformation

- Refined Goals and Metrics
- Instituted Robust Performance Reviews
- Focused on Backorder and Cost Reductions
- Streamlined Procurement Processes
- Fully Supported by DoD Leadership
  - Requirements Fully Funded



# Transformation Key Initiatives

- **Customer Relationship Management - CRM**

- Processes, tools and people to move from transaction-based to partner relationships

- **Business Systems Modernization - BSM**

- End-to-end ERP
- Order fulfillment, Planning, Procurement, Financial

- **Global Stock Positioning**

- Pre-positioning to optimize readiness at least cost
- OSD, Joint Staff, Service, TRANSCOM and DLA

- **Supplier Relationship Management - SRM**

- Strategic Material Sourcing for 500,000 business drivers
- Strategic Supplier Alliances with 32 critical suppliers

- **Distribution Planning Management System - DPMS**

**\$3  
Billion  
Savings  
for  
Services**

**3 of 12  
Major  
Transformation  
Initiatives**



# Transformation Key Initiatives

- **Reutilization Modernization Program - RMP**

- Technical data – specifications, drawings and configuration data – associated with materiel the Agency manages
- Controlled, stratified access to data via linked data bases

- **National Inventory Management Strategy**

- Collaborative inventory investment reduction effort
- Rationalize levels and inventory management

- **Fuels Automated System**

- Commercial software – best practices
- Deploying now – integration w/BSM to follow

- **Executive Agent**

- DLA-Services partnership synchronize logistics for common materiel: fuel, medical, subsistence and construction

- **Work Force Transformation**

- Transformation alters every facet of environment
- Structure, rigor and disciplined program in place

- **Product Data Management**

- Transforms Agency's Technical & Quality business processes



# Transformation

## *Customer Relationship Management*

### Customer Focus

*Providing Warfighter centric strategies & tools and structured Service, Sales and Marketing processes to better meet these customers' expectations across the DLA Enterprise.*

- Service: Deliver on DLA commitments and provide timely and effective issue resolution.
- Sales: Engage Warfighters regarding readiness and business value of DLA solutions.
- Marketing: Reach out to understand Warfighter needs and communicate DLA capabilities.

**Program Development well underway**

**Implementation - June '05**

**Full Operational Capability - FY08**



# Transformation

## *Business Systems Modernization*

### Business Processes

*Successfully deploying Enterprise Resource Planning (ERP) capability to manage the agency's 5.2 million repair part and troop support items*

- Replaces numerous '60s & '70s vintage systems with single, Commercial-Off-the-Shelf (COTS) system
- Processes re-engineered to best practices
- Cycle times dramatically reduced
- Savings in inventory and personnel - payback period 2009
- Improved warfighter support
  - Joint interoperability
  - Better Demand Forecasting - by customer - through collaboration

**Full scale deployment now under way -  
complete September '06**





# Transformation

## *Global Stock Positioning*

### Forward Materiel Stocking

*Positioning materiel around the world in advance of the requirement to optimize warfighter readiness at the least cost to the taxpayer*

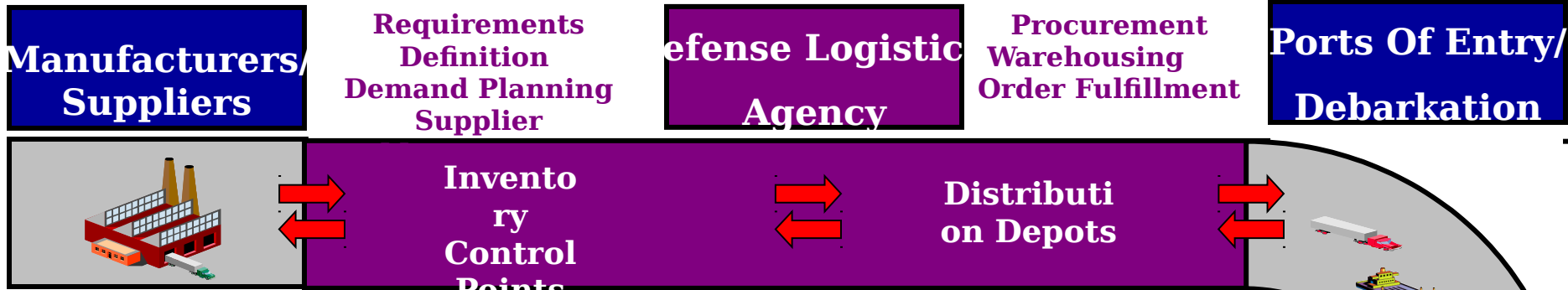
- New Supply Depots – Sigonella, Kuwait, Guam and Korea – added to Germersheim, Pearl Harbor, Yokosuka locations in '04
  - Improved materiel availability
  - Reduced customer wait time by 50 percent
  - Reduced over-ocean transportation costs
- Stocking profiles continually tailored to the need

***Air Speed Results at Surface Rates***



# End-to-End Supply Chain Integration

*Vision: Uninterrupted "end-to-end" support to the warfighter through increased supply chain integration, efficiency and effectiveness - seamless flow of materiel and information to all authorized users*

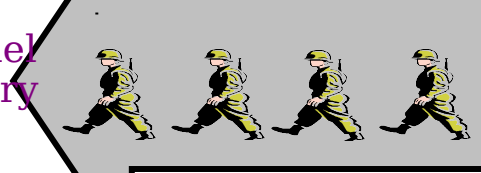


## DLA Programs/Initiatives to Achieve the Vision

- Establish 500 top business driver hardware items on long-term contract - drive up materiel availability
- Establish Strategic Supplier Alliances with 30 key sole source hardware OEMs
- Complete transition to commercial best practice materiel management practices
- Implement ERP
- With services, dramatically reduce redundant materiel management structures - execute the National Inventory Management Strategy
- Drive down agency's Cost Recovery Rate
- Deliver Total Asset Visibility capability
- Optimize global stock positioning - improve support/reduce cycle time and cost
- With COCOMs and services, solve in-theater and last

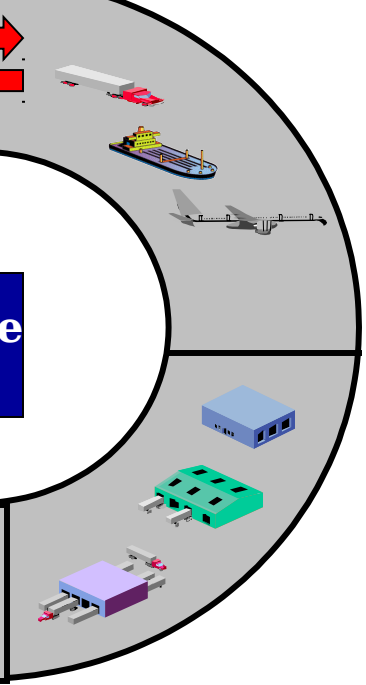
**DEMIL, Disposal, Reutilization**

**Military Service Combatant Commanders**



**DLA Forward**

**Transportation In-Theater Logistics**





# Summary

- Critical Combat Enabler ... Light and Agile
- Focused on Improved warfighter support and reduced costs
  - 31.2% reduction in backorders and improved readiness (since Oct 01)
  - 51% decrease in cost recovery rates
  - \$3B back to services FY 04-09
- Record Setting Support with Demand at Historic Highs
- DOD Leader In Enterprise System Transformation

**Tomorrow's vision ... smaller, more efficient, leveraged with best business practices**